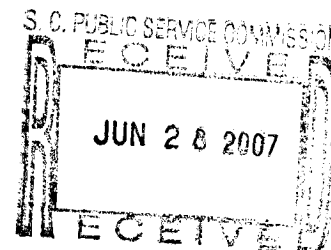




June 28 2007

**VIA HAND DELIVERY**

The Honorable Charles Terreni  
Chief Clerk/Administrator  
**South Carolina Public Service Commission**  
101 Executive Center Drive (29210)  
Post Office Drawer 11649  
Columbia, South Carolina 29211



RE: South Carolina Electric & Gas Company - Annual Review of the Purchased Gas Adjustments and Gas Purchasing Policies; Docket No. 2006-5-G  
Notification that cost of gas factors will not be adjusted for the July 2007 billing cycles

Dear Mr. Terreni:

By Order No. 2006-679 ("Order"), dated November 13, 2006, issued in the above-referenced docket, the Public Service Commission of South Carolina ("Commission") authorized South Carolina Electric & Gas Company ("SCE&G" or the "Company") to adjust its cost of gas factors monthly pursuant to Paragraph 4 of the Settlement Agreement adopted and approved by the Commission. Pursuant to the approved procedure and before the first billing cycle of each month, SCE&G recalculates its forecast total cost of gas factors to determine whether an adjustment should be made to the current cost of gas factors. If there is no Material Difference (this term is defined in Order Exhibit No. 1) between the newly recalculated gas cost factors and the gas cost factors currently in effect, then SCE&G is to notify the Commission, the South Carolina Office of Regulatory Staff ("ORS"), and the South Carolina Energy Users Committee ("SCEUC") that the existing cost of gas factors will remain in effect for the next billing cycle. If, however, a Material Difference exists, then SCE&G is to notify the Commission, ORS, and the SCEUC of the Company's intent to adjust its gas cost factors beginning with the first billing cycle in the next succeeding month.

In accordance with the approved procedure, the Company has recalculated its forecast total cost of gas factors to be effective with the Company's first billing cycle in July 2007. Based upon the Company's updated calculations, no Material Difference exists between the newly recalculated gas cost factors and the gas cost factors currently in effect. Therefore, for the July 2007 billing cycles, this letter serves as notification to the Commission that no adjustment will be made to the total cost of gas factors currently in effect.

(Continued . . .)

The Honorable Charles Terreni

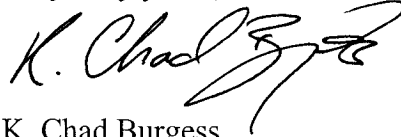
June 28 2007

Page 2

By copy of this letter and in compliance with the Order, I am also notifying ORS and the SCEUC that the current total cost of gas factors will remain in effect for July 2007. In addition, I am providing them with copies of updated versions of Exhibits A and B evidencing that no Material Difference exists between the newly recalculated cost of gas factors and the factors currently in effect.

If you have any questions, please do not hesitate to contact me.

Very truly yours,

A handwritten signature in black ink, appearing to read "K. Chad Burgess", with a stylized flourish at the end.

K. Chad Burgess

KCB/kms

cc: Shannon Bowyer Hudson, Esquire

Jeffrey M. Nelson, Esquire

Scott Elliott, Esquire

(All via first-class mail and electronic mail w/enclosures)

# Exhibit A

## SOUTH CAROLINA ELECTRIC AND GAS COMPANY PROJECTED COMMODITY AND DEMAND COSTS (OVER)/UNDER COLLECTION

|                          | COMM COST<br>PER THERM<br>(COL. 1) | BILLING<br>COMM COST<br>PER THERM<br>(COL. 2) | DIFFERENCE<br>(COL. 3) | FIRM SALES<br>THERMS<br>(COL. 4) | COMMODITY<br>(OVER)/UNDER<br>COLLECTION<br>(COL. 5) | CUMULATIVE<br>COMMODITY<br>(OVER)/UNDER<br>COLLECTION<br>(COL. 6) | DEMAND<br>(OVER)/UNDER<br>COLLECTION<br>(COL. 7) | CUMULATIVE<br>DEMAND<br>(OVER)/UNDER<br>COLLECTION<br>(COL. 8) | TOTAL<br>(OVER)/UNDER<br>COLLECTION<br>(COL. 9) | CUMULATIVE<br>TOTAL<br>(OVER)/UNDER<br>COLLECTION<br>(COL. 10) |
|--------------------------|------------------------------------|---|------------------------|----------------------------------|---|---|--|--|---|--|
| BEGINNING BAL. @ June 07 |                                    |   |                        |                                  |   |   |  |  |   |  |
| Jul-07                   | \$0.75067                          | \$0.95490                                     | (\$0.20423)            | 7,494,000                        | (\$1,530,523)                                       | (\$6,149,172)   | \$2,351,759                                      | \$1,292,837  | \$821,236                                       | (\$4,856,334)  |
| Aug-07                   | \$0.72928                          | \$0.95490                                     | (\$0.22562)            | 7,575,000                        | (\$1,709,086)                                       | (\$7,679,695)   | \$2,338,072                                      | \$3,644,596  | \$628,986                                       | (\$4,035,098)  |
| Sep-07                   | \$0.74910                          | \$0.95490                                     | (\$0.20581)            | 7,587,000                        | (\$1,561,443)                                       | (\$9,388,780)   | \$2,399,846                                      | \$5,982,668  | \$838,403                                       | (\$3,406,112)  |
| Oct-07                   | \$1.11798                          | \$0.95490                                     | \$0.16308              | 8,975,000                        | \$1,463,612   | (\$9,486,612)   | \$2,204,747                                      | \$8,382,514  | \$3,668,358                                     | \$2,567,708)   |
| Nov-07                   | \$1.47564                          | \$0.95490                                     | \$0.52074              | 15,266,000                       | \$7,949,969   | (\$1,537,043)   | \$774,715  | \$10,587,261   | \$8,724,284                                     | \$1,100,650  |
| Dec-07                   | \$1.36982                          | \$0.95490                                     | \$0.41492              | 29,624,000                       | \$12,291,480  | \$10,754,437  | (\$2,470,109)                                    | \$11,361,976   | \$9,821,370                                     | \$9,824,934  |
| Jan-08                   | \$1.02676                          | \$0.95490                                     | \$0.07186              | 42,456,000                       | \$3,050,935   | \$13,805,372  | (\$5,423,548)                                    | \$8,891,867  | (\$2,372,614)                                   | \$19,646,305   |
| Feb-08                   | \$0.86005                          | \$0.95490                                     | (\$0.09485)            | 39,520,000                       | (\$3,748,569)                                       | \$10,056,802  | (\$4,718,638)                                    | (\$1,250,320)  | (\$8,467,207)                                   | \$8,806,484  |
| Mar-08                   | \$0.87161                          | \$0.95490                                     | (\$0.08329)            | 28,451,000                       | (\$2,369,688)                                       | \$7,687,114   | (\$2,321,354)                                    | (\$3,571,674)  | (\$4,691,043)                                   | \$4,115,441  |
| Apr-08                   | \$0.71490                          | \$0.95490                                     | (\$0.24000)            | 18,029,000                       | (\$4,326,956)                                       | \$3,360,158   | (\$31,652)                                       | (\$3,603,325)  | (\$4,358,608)                                   | (\$243,167)  |
| May-08                   | \$0.77549                          | \$0.95490                                     | (\$0.17942)            | 10,992,000                       | (\$1,972,137)                                       | \$1,388,021   | \$1,511,920                                      | (\$2,091,405)  | (\$460,217)                                     | (\$703,384)  |
| Jun-08                   | \$0.79166                          | \$0.95490                                     | (\$0.16324)            | 8,503,000                        | (\$1,388,021)                                       | (\$0)   | \$2,091,406                                      | \$0  | \$703,385                                       | \$0  |
| Total                    |                                    |   |                        | 224,472,000                      | \$6,149,172   |   | (\$1,292,838)                                    |  | \$4,856,334                                     |  |

**Exhibit B**

**South Carolina Electric and Gas Company  
Development of DCOG, CCOG and Total Cost of Gas Factor**

| <b>JUL 07</b>                   | <b>Residential</b> | <b>SGS / MGS</b> | <b>LGS</b>       |
|---------------------------------|--------------------|------------------|------------------|
| <b>DCOG Factor</b>              | <b>\$0.22847</b>   | <b>\$0.16306</b> | <b>\$0.14689</b> |
| <b>CCOG Factor</b>              | <b>\$0.96056</b>   | <b>\$0.96056</b> | <b>\$0.96056</b> |
| <b>Total Cost of Gas Factor</b> | <b>\$1.18903</b>   | <b>\$1.12362</b> | <b>\$1.10745</b> |